

JUL 20 2016

Edwards,Michelle**CITY CLERK**

From: Ellis,Leslie
Sent: Tuesday, July 19, 2016 10:33 PM
To: Auler,Amy; Azar, George; Crossen,Martha; DeBaun,Curtis; Elliott,Earl; Garrison,Neil; Morris,Don; Nasser,Karrum; Nation,Todd
Cc: Bennett,Duke A; Felling,Darrell; Edwards,Michelle
Subject: Graph
Attachments: Terre Haute Net Prop Tax CB 071516.pdf; 2016 PILOT & Admin Fee Formulas.pdf

Good Evening,

Attached are documents that were discussed at the meeting last Thursday night. First is an updated version from Umbaugh of the Circuit Breaker Credit from 2008 -2016. The blue bar is the amount of property tax revenue that the City actually receives and the red bar is the circuit breaker amount. The circuit breaker amount is the amount that would have been collected without property tax caps in place. As you can see, the City has lost almost \$62 million in property tax revenue.

The Administration understands that some of you are tired of hearing about the property tax caps effect each year, but it is something that cannot be ignored. We are extremely tired of dealing with the property tax caps ourselves which cause circuit breaker losses to rise every year. It is the primary reason our General Fund had a negative balance of \$8.8 million at the end of 2015. The circuit breaker credit losses are computed every year and continue to get worse, with the current loss this year being \$11 million for the City units and \$2.3 million for the Sanitary District. The Legislative Services Agency estimated that we would lose between \$5 and \$6 million per year once phased in completely, and had that been correct, we would have received \$5 million more in 2016. We planned according to the figures that the State provided and they were way off. If the State's estimate was correct, we would have an extra \$15 million which would provide a surplus in the General Fund. Unfortunately the only information that we had was inaccurate.

The Administration has definitely "sharpened our pencils" and cut and continue to cut expenses. We have several fixed costs that we cannot control, such as pension, health insurance, all other insurance costs, utilities, and contracts that have an annual escalator. Since 2008, General Fund budgeted expenses have only increased 5% which is extremely hard to do when many costs continue to rise. That is only an increase of .00625% per year. We will provide more detailed information to you regarding accurate General Fund budget and expense information. There seems to be a lot of false information that continues to be circulated.

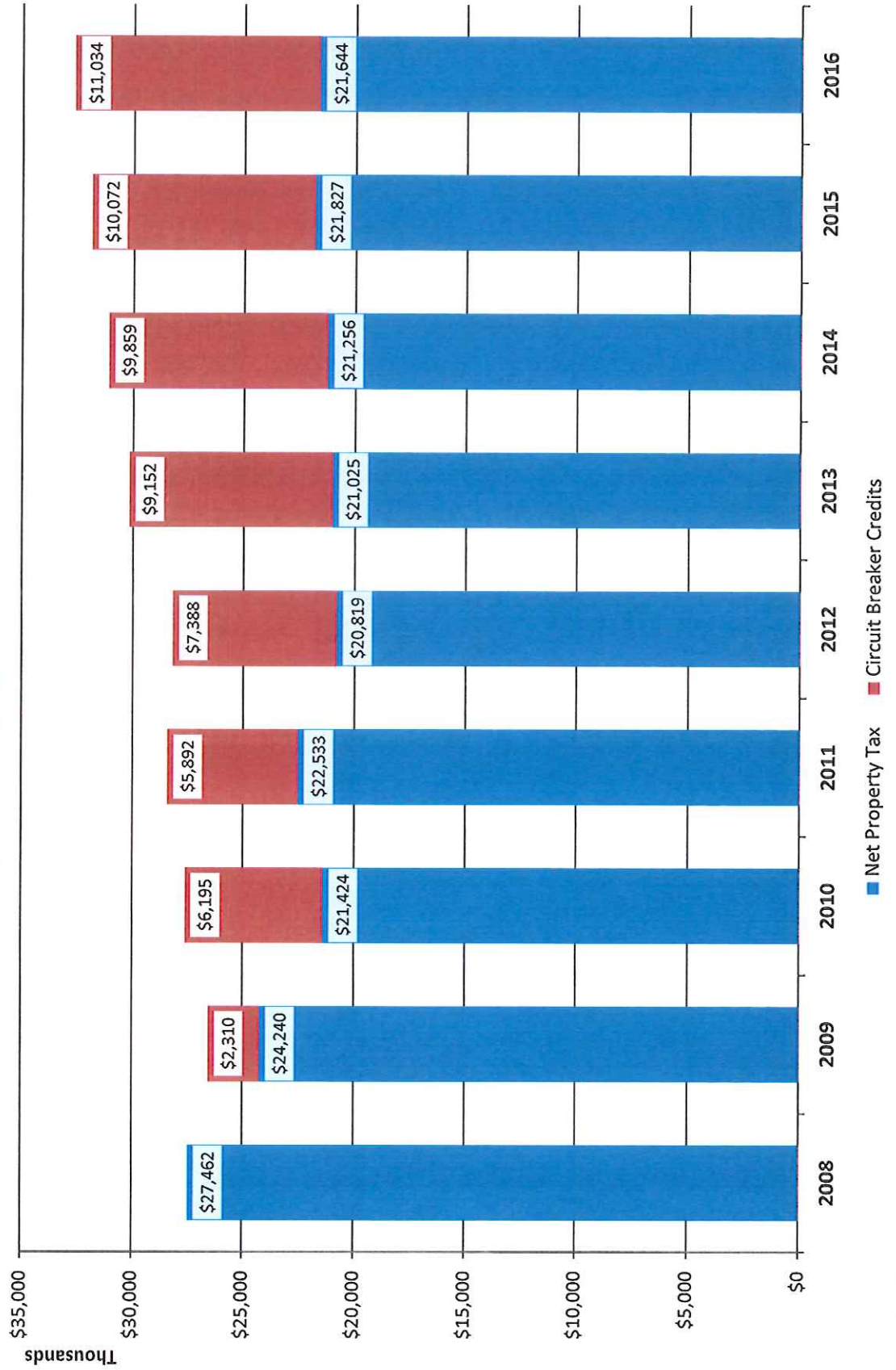
The second attachment has the Waste Water Treatment Plant Administrative Services formula which is the same formula used since its inception in 2006. We have updated the numbers because there has been no adjustment since 2008. Seven years is a long time to go without any adjustment. Also included in the attachment is the PILOT formula. We rounded the budget to \$5 million but the actual PILOT we were planning to take is the amount calculated. The State Board of Accounts reviews these formulas when we are audited.

There are tough decisions that need to be made and no one wants to or likes to raise rates or fees. Thank you to those who voted for the trash fee. That was the first of two steps in the process of making our city financially whole so the community can continue to thrive. I know we all love our City and want it to prosper. Let's work together to find a solution in these difficult times.

Sincerely,
Leslie

CITY OF TERRE HAUTE, INDIANA

Net Property Tax and Circuit Breaker Credits (2008 - 2016)



The result was the following list of funds:

<u>Fund Description</u>	<u>Actual Expenditures</u>	<u>Percentage</u>
GENERAL	\$ 29,735,628.85	40%
MOTOR VEHICLE HIGHWAY	3,507,675.12	5%
LOCAL ROAD & STREET	510,050.09	1%
PARKS & RECREATION	2,328,005.09	3%
CEMETERY	948,307.12	1%
TH POLICE CONT EDUCATION	159,591.36	0%
EMS NON-REVERTING	1,821,530.50	2%
THFD CONTRACTUAL SERV N/R	109,614.48	0%
TH POLICE NON-REVERTING	2,267.50	0%
HULMAN LINKS NON-REVERTING	788,515.61	1%
REA PARK NON-REVERTING	571,309.57	1%
ENGINEERING NON-REVERTING	1,071,868.78	1%
CUMULATIVE CAPITAL IMPROVEMENT	155,761.82	0%
CUMULATIVE CAPITAL DEVELOPMENT	1,012,115.52	1%
ECON DEV INCOME TAX	5,911,184.61	8%
HAZARDOUS MATER COST RECOVERY	9,862.33	0%
FIRE TRAINING ACADEMY NON-REVE	88,638.15	0%
WASTEWATER TREATMENT PLANT	23,572,921.47	31%
TRANSIT	2,890,589.65	4%
Total Selected Funds Expenditures FY 2014	\$ 75,195,437.62	100%

Wastewater Overhead Calculation

Wastewater Utility	3,973,765.00	31%
Wastewater Utility Overhead Amount	1,231,867.15	
Current Overhead Charge	732,000.00	
Additional Available	\$ 499,867.15	

City of Terre Haute Wastewater Utility PILOT Valuation:

Sewage Lift Stations	149,328,225.00
Wastewater Treatment Plant Additions and Improvements	112,580,831.00
Division 11 Equipment	21,037,420.00
Sewage Treatment Facility	<u>31,289,453.00</u>
	314,235,929.00
80% Value Based on Sanitary District Size	251,388,743.20
Corporate Property Tax Rate	0.19570
In Lieu of Property Tax Value	<u><u>\$ 4,919,677.70</u></u>